

The Secrets I've Learned About Making Money in Collectibles

PLUS: Full details on the 3 most profitable
collectibles in the world right now



By Dr. Steve Sjoggerud

Dear *True Wealth* Reader,

"I know this looks crazy," my friend Van Simmons told his wife.

She came home one day to find Van and a friend trying to get a stuffed (and formerly alive) 10-foot Bengal tiger through the front door.

You see, Van bought the tiger earlier that day for \$2,000 from a Southern California museum owner's trophy room.

It's not that Van needed a stuffed tiger. It's just... well... he couldn't help himself. Bengal tigers are extremely rare (it's now illegal to hunt them), and he got a great deal on it.

When Van finds those two things together, he gets excited. Van's wife is as nice as a woman I know. But she didn't want a 10-foot tiger in her living room. So Van sold the stuffed tiger – for \$10,000. Around a year later, Van saw the same stuffed Bengal tiger sell at auction for \$50,000.

I've learned a lot from Van Simmons about making money in collectibles. It turns out, there are a lot of similarities to what we do in *True Wealth*. Van has spent his career **buying things of value when nobody wants them.. and selling when people are willing to pay any price.** That's what we try to do in *True Wealth*.

The values of collectibles go in cycles, like stocks. Van is opportunistic. When Civil War guns or old American Indian rugs are ignored for a while by collectors, Van is a buyer.

THE BUY OF THE CENTURY, SO FAR

In my DailyWealth letter, I wrote an article calling **pre-1933 graded gold coins "The Buy of the Century, so far."**

If you've been a *True Wealth* reader for a while, you may have bought my recommended gold coins – which, as of January 2007, are up 64%, 63% and 52%, respectively.

So if you bought, you've done pretty well so far.

But I want to let you in on something: I couldn't have recommended those coins without the help and expertise of Van Simmons.

Van was the most valuable contact I made when I began researching coins several years ago. The fact is, the coin industry wouldn't exist in its present form if it weren't for Van and his partner David Hall.

And the three secrets Van taught me about making money in collectibles are ones I'm going to share with you today. And I'm also going to reveal the top three collectibles in the world right now to potentially make hundreds of percent over the next few years (don't worry, stuffed Bengal tigers are not on the list).

Because over the next decade, **I personally believe that collectibles will beat the stock market – if you buy them right... and you know these three simple secrets.**

SECRETS OF THE BEST COLLECTOR I KNOW

Van collects everything.

I enjoy going to his house in Southern California and learning about all his different collectibles. He started collecting rare coins when he was 12. Today, Van also collects pocketknives, Winchester and Colt antique firearms, American Indian memorabilia, antique fly-fishing rods, marbles, classic surfboards, old skateboards, and much more.

His library is filled with books that detail every nuance of these things... who knew there was so much to know about Indian rugs? When it comes down to it, Van is doing what I do, which is knowing all he can about what he is considering buying. And when the time is right, he is confident and pulls the trigger.

I consider Van to be one of the most knowledgeable investors on the planet when it comes to collectibles. He's too humble to say it, but he's certainly one of the most important people in the collectibles business. I don't think anyone has broader experience...

Along with David Hall, Van founded the Professional Coin Grading Service (PCGS). I can tell you right now, I would not recommend coins to

you if PCGS didn't exist. PCGS revolutionized the industry by creating the first internationally recognized grading standard for coins.

Most importantly, PCGS makes it so you or I don't have to be an expert in grading coins... the coin is graded, then sealed in a tamper-proof container. PCGS has graded more than 14 million coins, with a total declared value of over \$14 *billion* dollars. So PCGS-graded coins can sell "sight-unseen," just like stocks. (Type "PCGS" into eBay, and you'll likely find 10,000 graded coins for sale.)

I know that Van has bought coins for members of some of the wealthiest families in the world – including the DuPonts (of the DuPont chemical company), the Heinz (ketchup) family, and the Bushnells (Bausch & Lomb)... not to mention the many billionaire customers (who wish to keep their privacy) who seek his expertise and connections to help them add to their rare coin collections.

Van has the uncanny ability to find and recognize undervalued collectibles (like the Bengal tiger) that can later sell for far more than he buys them.

Thanks to Van, I've come to learn the 3 most important secrets of how you make money in these types of things.

I've personally bought U.S. coins, stamps, European coins, autographs, even collectible vintage surfboards and guitars. And the smartest things to do to make money are the same, no matter what collectible you're buying...

SECRET #1: BUY "BEACHFRONT PROPERTY"

"I started buying any old coins in the early 1970s," Van told me...

"Over time, I figured out what works. I realized that, for example, **beachfront property is more desirable and in more limited supply than desert property**. So I started buying better coins. I've made money by understanding if you have something more desirable, then someone else will pay you more for it eventually."

In other words, **you must buy the best thing you can afford... and buy it in the best condition you can afford.**

At first, I didn't believe him. After all, he sells "beachfront property" coins. So I thought he was just recommending that I buy what he had to sell.

But over the course of a few years, I've seen that he's right. Where I live in Florida, for example, the beachfront properties have basically held their values as the real estate market has weakened. But the properties a few blocks back from the beach (as well as all the new construction around I-95), have suffered. They can't sell some of that stuff at any price.

It's the same way in collectibles. "Average" stuff – widely available stuff – like common gold coins in a lower grade, rarely soar in value. And if they do (like they did before Y2K), they always fall back down in value.

But the good stuff – the beachfront property – or the masterwork paintings – holds its value, and seems to march relentlessly higher in price.


So if you want to have a chance at making 665% (the amount that rare coins rose in the last coin bull market), then you can't buy South African Krugerrands, for example. These coins are "desert property." They will never be worth much more than the price of gold. If gold rises 25%, Krugerrands will likely rise by 25%.

Once people become interested in "beachfront property" once again – the desirable coins in limited supply for example – the sky is the limit. **It took me a few years to truly understand this... to understand just how nice you should really buy when it comes to collectibles...**

But now I get it. What you really want to own are 5-7 truly excellent coins, for example, instead of dozens of pretty nice ones.

Take a look at the overall gains of the last three rare coin bull markets:

I believe you could make the same kinds of gains in the next several years. But you're not going to make those kinds of gains with a bag full of run-of-the-mill Krugerrands.



PCGS 3000 Coin Index (www.pcg.com)	
1972-1974	348%
1976-1980	1,195%
1987-1989	665%

One other word of advice from Van that applies to buying the best you can: "Buy what appeals to you, too. If you like it, there's a reason someone else would like it."

SECRET #2: BUY FROM THE BEST DEALER. PERIOD.

As the *Wall Street Journal* reported on Dec. 18, 2006:

"A word to the wise for newcomers: Rare coins can hold dangers for novice collectors and investors. One can run into counterfeit coins, as well as disreputable dealers pushing low-quality coins with little resale value."

If you're just getting started with coins (or any collectible), don't buy on eBay or at auction. Buy direct from the best dealer possible.

The reasons are simple, and numerous. I didn't fully understand them at first, quite honestly. But there are a lot of things to understand..

First, simply said, *you don't know what you don't know.* There are infinite ways a disreputable dealer can take you to the cleaners. There are many little nuances I've come to learn about making money in collectibles too, about why you want to deal with the best dealer possible.

For example, you want to buy the "beachfront property" coins, of course. However, you ought to keep in mind how easy that collectible will be to resell, too. Beachfront property in Florida will always have a buyer at some price. But beachfront property in Venezuela these days, for example, might be tougher to unload at the price you want.

Remember, Van is interested in all types of collectibles. So he deals with dealers too. He says "You should learn as much as you can about the collectibles you're investing in... but you'll never know as much as an expert in the field. That's why it's important to buy from a reputable dealer you trust."

Knowing these two secrets: (1) buy the beachfront property and 2) buy from the best dealer possible) gives you the best shot at not making any mistakes and making the most possible money here.

But to me, the final secret is probably the most important...

SECRET #3: IF YOU REALLY WANT TO MAKE MONEY IN COLLECTIBLES...

You've got to know why they're collectible...

Sounds simple. But you've got to understand why people want them... and then you must ask yourself if this reason will always exist. In other words, think about them as pieces of history.

When you think of them that way, you can understand why, for example, the 1792 half dime is one of the most valuable and sought-after U.S. coins.

The half dime was the very first U.S. coin ever minted. Thomas Jefferson and George Washington authorized 1,500 coins. But when they got ready to mint them, they realized that because of a silver shortage, they didn't have enough silver to make the coins...

So George Washington took his wife Martha's silver tea set and had it melted down to make them.

If you own a 1792 half dime, you also own a small piece of our first President's family tea set.

The point is, as Van says: "If you understand that collectible's place in history, then you'll understand why it will always hold it's value... and why, like a masterwork painting, it could always have appreciation potential."

That was the reason I recommended the Saint-Gaudens Double Eagle gold coin in *True Wealth*. President Teddy Roosevelt – a coin collector himself – hated America's coin designs... so he commissioned the foremost sculptor of the day, Augustus Saint-Gaudens, to design an artistically superior new U.S. coin.

Though in poor health, Saint-Gaudens designed the "Double Eagle" – now nearly unanimously considered to be the most beautiful coin of all time. It was his last work – Saint-Gaudens died and never saw the results of his labor.

Today, the gold Double Eagles I recommended in *True Wealth* are growing in value because of their gold content... and they're even more valuable because of their place in American history.

You see, most of these coins were never circulated. When FDR took the U.S. off the gold standard, nearly all of them were melted down... except for the ones that remain today.

That's why, in a 2002 auction, according to the *Wall Street Journal*, a 1933 Double Eagle sold for \$7.6 million – “widely acknowledged as the highest price ever paid for a coin in a public auction.”

But you certainly don't have to spend millions – or even tens of thousands – to make a smart investment in the rare collectible coin market today.

So what are the best ones to buy now?

Here are the three categories Van believes can bring you the highest returns over the next several years...

THE 3 BEST COLLECTIBLES INVESTMENTS YOU CAN MAKE RIGHT NOW

According to Van, the best way to invest in collectibles is to have a handful of different “beachfront properties.” In other words, you should buy desirable coins in limited supply.

**** RECOMMENDATION #1: The *True Wealth* 7-piece gold coin set.** I recommended this set in my newsletter about two years ago. It consists of the following pre-1933 coins:

\$20 Liberty	\$5 Liberty
\$20 Saint-Gaudens	\$2.50 Liberty
\$10 Liberty	\$2.50 Indian
\$10 Indian	

Van believes this set is one of the most undervalued collectibles investments today. As Van put it, “You can buy the *True Wealth* 7-piece set today for 25 or 30-cents on the dollar, compared to what these coins cost during the last coin bull market that peaked in 1989. I like this set as one of the best values – with the biggest possible upside – in today's coin market.”

All the coins Van recommends are in MS-64 or MS-65 condition or better, and they're in limited supply... as no more have been made.

**** RECOMMENDATION #2: The *True Wealth* 7-piece “Proof Gold” coin set.** This is the same set as I listed above – except in a “proof” set.

Simply put, “proof” gold coins were made just for coin collectors, from a special, almost flawless die that's different from the standard issue die.

Van says: “Proof gold coins are the caviar of rare, collectible coins... the ‘beachfront’ of beachfront property. The Big Money always goes to these coins as an island of safety.”

Proof gold coins can cost considerably more than gold coins, because of their rarity and condition. But as Van said earlier, these are often the coins that super-rich investors will pay any price for... in other words, proof gold coins make a great investment, because they will always be in demand as a great store of value.

*** * RECOMMENDATION #3: 19th Century Type Coins.** Van believes these coins are another group that are very undervalued right now.

According to Van, "The best of these coins were minted from the 1800s to 1915.

"Each time coins were minted, certain details were added or changed on the coin – such as stars, arrows, shields, and portraits. Frequently, artists who designed the coins would go back and change their dies, which created new types for collectors."

This area of the rare coin market is where you can get some great deals – and your upside is unlimited. There are many different coins in this area that Van likes.



You and I are incredibly lucky... If we're interested in buying stocks, we can't pick up the phone and get Warren Buffett's latest recommendation... if we want to learn about bonds, Bill Gross won't take our call... but we can pick up the phone and call Van to talk coins.

At first, I would buy a coin here or there from Van, as I got to know him. But now, I've reached the point where I call Van and say: "Van, I've got XXX dollars now that I want to put into great coins." I don't ask for anything in particular. Van says, "Give me a month or two." Tom Dyson, my colleague at DailyWealth, told me he just did the same with Van... he sent him money with the simple advice of "buy me good stuff."

Some coin dealers will offer you introductory offers or discounts. Unscrupulous dealers will often sell you things at a big loss up front, just to get you in the door, so they can take you to the cleaners later.

Van doesn't do this. He doesn't need to. Unlike Warren Buffett in stocks, or Bill Gross in bonds, if you're interested in learning more about coins, you can simply contact Van directly.

Van is always glad to talk with my readers and help you with the right collectible coin investment. He's never pushy, as he doesn't really need the business – he simply enjoys it.

If you're wondering, I receive no personal compensation from Van or David Hall Rare Coins for recommending them. Van wanted to buy advertising space in *True Wealth*. Because I believe that Van is the absolute best dealer in the industry, I told him I'd write the advertisement myself. I've benefited so much from Van's services over the years, I believe you can do the same.

The point is, I don't receive a single cent when you buy collectibles from Van. The only reason I've written this letter personally is because Van is the best. He has never let me or my readers down.

If you are a reader of mine, you know that I look for three things in an investment: 1) cheap (a great value) 2) hated and 3) an uptrend. Today, gold coins are supercheap... they are still hated right now... and gold coin prices have been in an uptrend since 2001.

Rare coins peaked in 1989. It's been nearly 20 years since that last rip-roaring bull market. We're due.

I believe that a smart collectible coin investment now could potentially make you 1,195%... 665%... or 348% (the amount coins went up during the last bull markets) over the next several years.

I consider pre-1933 graded gold coins to be "The Buy of the Century, So Far." And the guy I've been personally dealing with knows more about making money in collectibles than anyone I know. He's Van Simmons of David Hall Rare Coins.

Fortunately, the business of rare coins and collectibles is not nearly as big as the business of stocks and bonds. We are lucky enough that we are able to deal with the best...

The secrets to making money in collectibles are: 1) buy the "beach-front property" 2) know as much as you can about it, but in particular, what makes it collectible, and 3) deal with the best dealer in that field, period.

In my mind, Van Simmons is the best in the rare coin business.

Give him a call, and get to know him. I bet that, in time, you'll reach the point where I am... where I simply send him some money and ask him to "just buy me some great stuff."

You can reach Van directly at: 800-759-7575 or 949-567-1325, e-mail: info@davidhall.com

Good investing (and collecting!),



Steve Sjuggerud

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